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Bulletin LIRC 97-05

DATE: OCTOBER 10, 1997

TO: ALL PROPERTY AND CASUALTY INSURANCE COMPANIES IN LOUISIANA

**RE: 1997 Regular Session
Automobile related Legislation**

The 1997 Regular Session of the Louisiana Legislature enacted legislation that should reduce motor vehicle insurance costs in Louisiana. It is the purpose of this Bulletin to bring to your attention a select number of these Legislative Acts and to notify you that rate and rule filings brought before the Louisiana Insurance Rating Commission must include consideration of this legislation.

Each insurer filing automobile rates and rules, rating plans or other such filings with the LIRC must demonstrate and document the effects of these Acts upon the insurer's approved or requested rates. Legislative Acts impacting automobile insurance are, but not limited to, as follows (the Acts are attached, except Act 1476):

Omnibus Premium Reduction Act of 1997 (No Pay - No Play)

This Act is addressed in Bulletin LIRC 97-03 and 97-04. The courts are now determining the constitutionality of this legislation. When a declaratory judgment is rendered, notice from the LIRC will be issued by bulletin.

Act 1476 (HB 2513) amends Civil Code Art. 2323(A), 2324(B) and 2924(B), Code of Evidence Article 416 and R.S. 22:1406(D)(1)(a) and (d)(introductory paragraph) and (2)(b) and to enact Civil Code Article 2324.3 and R.S. 32:866 to enact the *Omnibus Premium Reduction Act of 1997*. This act calls for a 10 percent reduction in auto insurance rates for most policyholders. The act also limits the amount uninsured motorists can collect after an accident. Under the act, uninsured drivers cannot collect the first \$10,000 of medical claim and the first \$10,000 of a property claim, regardless of who is at fault in the accident. A second provision in the act will give further discounts to motorists who elect to collect only out-of-pocket medical expenses under their uninsured motorist coverage. The act also sets the rate for judicial interest.

Rate of Judicial Interest

Act 275 (HB 1214) amends Civil Code Art. 2924(B) to provide with respect to the rate of judicial interest.

Offer of Judgment

Act 354 (HB 1215) amends and reenacts Code of Civil Procedure Art. 970(A), (B), and (C) to provide that an offer of judgment may be served at any time more than 30 days before trial.

Council On Automobile Insurance Rates And Enforcement (CAIRE)

Act 1433 (HB 2111) enacts R.S. 22:15 to create a 16 member council to undertake a comprehensive study and provide oversight and enforcement recommendations on a continuing basis of the effectiveness of law enforcement and implementation of programs aimed at enforcement in the various parishes of those laws and programs which affect automobile insurance rates.

Cancellation Of Automobile Insurance Policy

- Act 358 (HB 1373) amends and reenacts R.S. 22:636.1(D)(3)(a) to provide for the cancellation of an automobile insurance policy from the date the premium payment was due, upon the receipt of a dishonored check or negotiable instrument.
- Act 1977 (HB 2022) amends and reenacts R.S. 32:863.2(A)(1) and (2) to provide that beginning July 1, 1998 all entities providing security in compliance with the compulsory automobile insurance laws shall notify the Secretary of the Department of Public Safety within fifteen working days from the date such policy, bond, deposit, or other security was issued or made.

Headlamps

- Act 381 (SB 14) amends R.S. 32:301 to require lighted headlamps on motor vehicles when windshield wipers are required.
- Act 724 (HB 219) enacts R.S. 22:1404(3)(f) to authorize a rate reduction (if actuarially justified) on motor vehicle liability and physical damage insurance coverage for vehicles with daytime running headlights or headlights equipped to activate in inclement weather.

Increased Premium due to Lapse of Coverage

Act 702 (SB 1388) amends and reenacts R.S. 22:635 to prohibit an increase in premium when there is a lapse in an automobile policy.

Mediation

Act 1451 (HB 2347) enacts R.S. 9:4101-4112 to create the *Louisiana Mediation Act*. The purpose of this act is to provide encouragement and support for the use of mediation to promote settlement of legal disputes. It also sets the standards by which a mediator is chosen, the qualifications of mediators, and the standard of conduct in mediation.

Minimum Changes in Driving Age Licensing Procedure

Act 725 (HB 530) amends and reenacts R.S. 32:402.1(A)(introductory paragraph), 405.1, 407(A)(1), (2), and (3) and (C), 416, 416.1, 417(A), and 422, and enacts R.S. 32:407(A)(4) and (5) and repeals R.S. 32:431 to create a three-tiered licensing procedure, starting at age 15 and progressing through age 17.

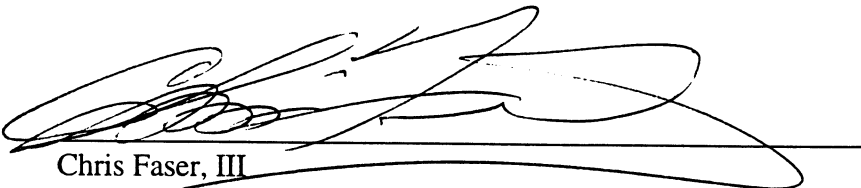
Driving Under the Influence

- Act 1184 (SB 1556) amends and reenacts R.S. 32:414 (A)(1)(b) (B)(2)(b) and (D)(1)(b), 667(B)(3), 668(B)(1)(c), enacts R.S. 32:378.2(A)(2)(a)(iv) to expand the ability of DWI offenders to obtain restricted driving privileges upon installing ignition interlock devices.
- Act 1296 (HB 520) amends Code of Criminal Procedure Art. 887(C), and R.S. 14:98(A)(1)(b) and (c), (F) and (G), R.S. 32:411(G), 411.1(D), 414(A)(1)(a), 661(C)(1)(c), 662(A)(introductory paragraph), 667(A)(introductory paragraph) and (A)(3) and (B)(1) and (2), 668(A)(4) and (B)(1)(b) and 853(A)(1)(c)(i), R.S. 40:1379.7, R.S. 44:9(A)(2) and R.S. 46:1805(B)(1) and 1809(B)(4)(e) and to enact R.S. 14:98 (A)(1)(d) and (e) and 98.1 and R.S. 32:853(A)(1)(d) to reduce the Blood Alcohol Content (BAC) level for those drivers under the age of twenty-one from .10 to .02 percent. This act also increases DWI penalties in the state.
- Act 1297 (HB 521) amends R.S. 32:661(A) and (C)(1), 661.1(A) and (C)(1), 662, 666(A)(3), 667(B)(1) and 668(A)(1) and (4) and (B)(1)(a)(introductory paragraph) and (b) and to enact R.S. 32:667(B)(5) and (6) and 668(B)(1)(d) and (e) to provide for procedures under the Implied Consent Law. Any person arrested for any offense while the person was driving a motor vehicle is deemed to have given consent to testing for any controlled substance or alcohol. Any person arrested for any offense while the person was driving a motor vehicle is deemed to have given consent to testing for any controlled substance or alcohol.
- Act 1310 (HB 741) enacts R.S. 17:491.2 to require suspension of driving privileges of school bus operators upon testing positive for presence of controlled substance or alcohol.
- Act 581 (HB 996) amends R.S. 15:306(A) and (B), and R.S. 32:378.2(A)(1) and (I) to require the use of an ignition interlock device by persons placed on probation for DWI.

Uninsured Motorist

- Act 835 (HB 1956) amends and reenacts R.S. 32:863.1(C)(1)(a) and enacts R.S. 32:863.1.(F) and (G) to allow a law enforcement officer to issue a traffic citation to an owner of a motor vehicle registered in another state for lack of motor vehicle liability security if required by that state.
- Act 1486 (SB 1064) enacts R.S. 32:863.1(F) to call for “on the spot” impoundment of vehicles when a driver cannot show proof of insurance. The act also allows for certain exceptions to the impoundment provision.

This Bulletin is issued under the authority of R.S. 22:1402, 1404, 1407, and 1447. If you have questions regarding this Bulletin, you can reach the LIRC staff at (504) 342-5202.



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Attachments